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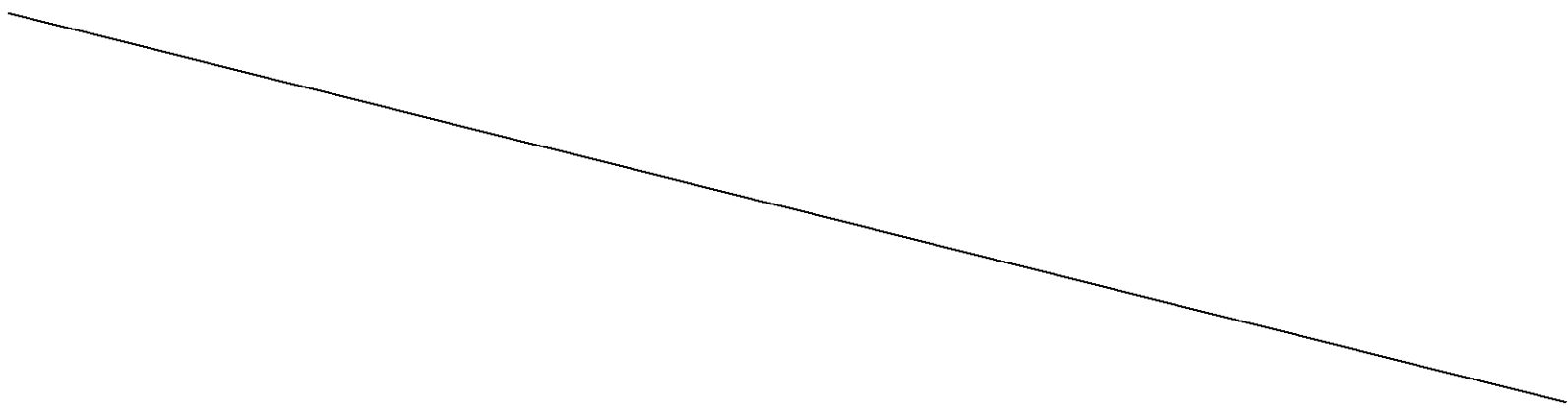
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# GREEN AND GROSS, P.C.

LAW OFFICES

1087 BROAD STREET

BRIDGEPORT, CT 06604-4231

(203) 335-5141

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SAMUEL T. ROST  
JOEL Z. GREEN  
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BERNARD GREEN  
(1952-2003)

*Of Counsel*

PETER A. PENCZER

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September 17, 2004

## CERTIFIED, RETURN RECEIPT

Supplement to Letter of Appeal  
Schools and Libraries Division  
Box 125 - Correspondence Unit  
80 South Jefferson Road  
Whippany, NJ 07981

*Re: Funding Year 2000-2001  
Form 471 Application Number: 201728  
Applicant Name: Bassick High School  
Service Provider: Mercury Communications, Inc.  
Contact Person: Lou Engeldrum (for Applicant) - tel (203) 576-7379  
Paul Sobel (for Service Provider) - tel (203) 335-5141*

Dear Sir or Madam:

An appeal to you has been taken in this action by letter dated August 2, 2004 and received by you on August 4, 2004. I previously requested additional time to submit supplementary information because the school was not in session during the summer and the time was needed after the staff of the school district returned from its summer vacation in order for the service provider to obtain information from it relevant to the appeal. I write now to relay the information.

Attached is a statement from the principal of Bassick High School regarding use of the video drops in the manner I mentioned in my initial appeal letter.

The other issue involved with this appeal was the allegation by the auditor that three of three 2-Port Fiber Uplink Modules and two of two 12 Port 100 BaseFX were not installed and operational at the time of the audit. I am advised by the school district that this equipment was installed in 1998 and was, therefore, not a part of the 471 application for the 2000-2001 funding year.

# GREEN AND GROSS, P.C.

SUPPLEMENT TO LETTER OF APPEAL

SCHOOLS AND LIBRARIES DIVISION


Form 471 Application No. 201728

September 2, 2004

Page 2

Please consider the above in addition to the information already on file in this appeal.

Very truly yours,

A handwritten signature in dark ink, appearing to read 'Paul A. Sobel', written in a cursive style.

Paul A. Sobel

PAS/pas

BRIDGEPORT BOARD OF EDUCATION

DATE: 9-9-04

I STATE THAT:

1. I have been the principal at Bassick H.S.  
School in Bridgeport, Connecticut since 1997.
2. Video cabling was installed at Bassick in 2000.
3. Since the cabling was installed, it has been used.
4. The manner in which we have been using the cabling is that we have television monitors at the school, which are on wheeled stands. As and when a television monitor is desired to be used in an instructional area, it is wheeled into the room and hooked up to the video drop for that location.

NAME: Ronald Remy

SIGNATURE: Ronald Remy

TITLE: Principal

2. Article Number  
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1. Article Addressed to:  
 Supplement to letter of  
 Appeal Libraries Div.  
 Schodis & Librarians Unit  
 Box 125 - Jefferson Rd.  
 88 So. Jefferson Rd.  
 Whippoorwill, NJ 07981

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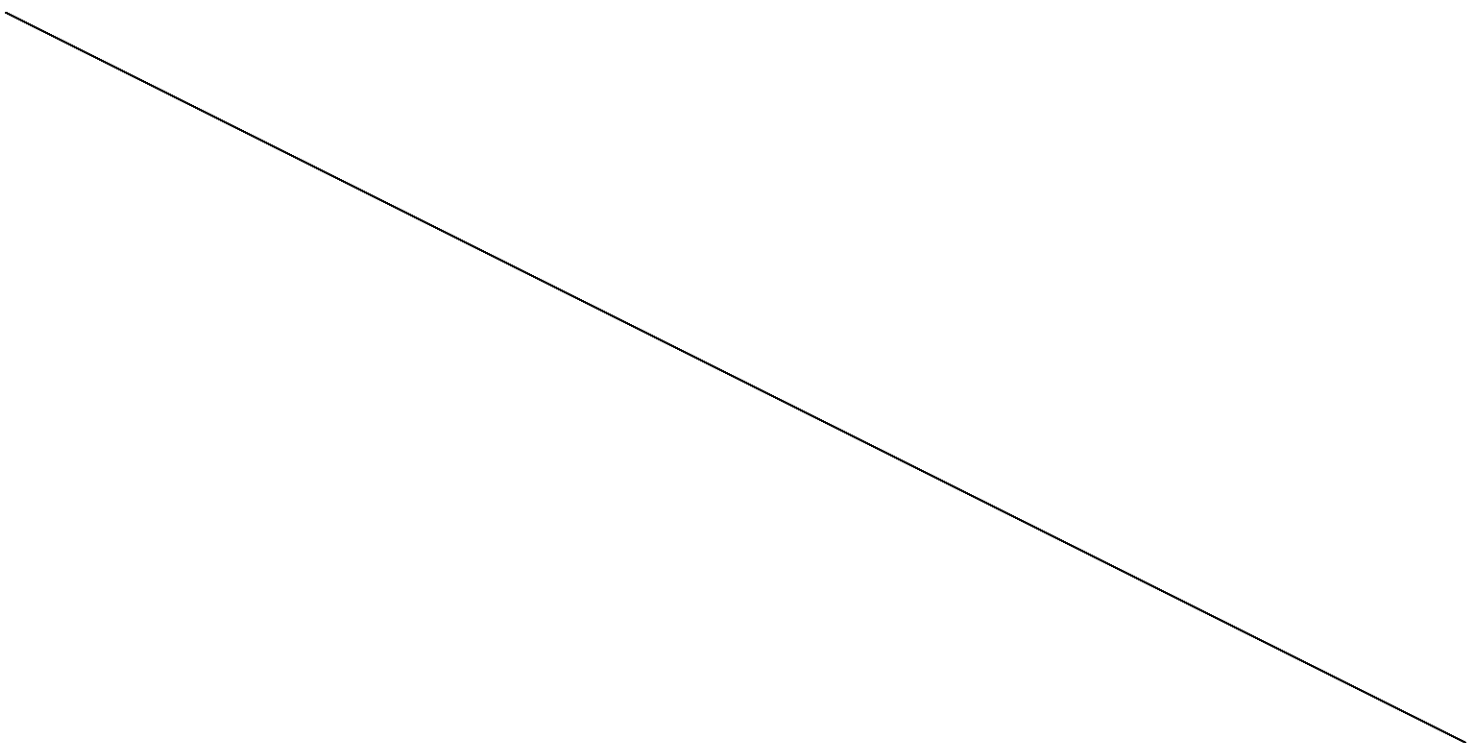
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5



**Universal Service Administrative Company**  
Schools & Libraries Division

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September 8, 2004

Paul Sobel  
Green and Gross, P.C.  
1087 Broad Street  
Bridgeport, CT 06604-4231

Paul Sobel:

The Schools and Libraries Division of the Universal Service Administrative Company has received your correspondence on September 2, 2004 regarding the 2000-2001 funding decision on your 471 application number 201728. These are the steps that will now follow:

1. We will review your correspondence carefully to identify the specific issue(s) it raises.
2. We will consult the program integrity assurance records and all supporting documentation for the application. Our goal is to determine whether the program rules were administered appropriately in processing your application.
3. Once the review process is completed we will respond in writing and state whether your appeal is approved, denied or approved in part. We will then follow with a funding commitment decision letter for any approved appeal resulting in additional discounts for your application. Funds have been set aside to implement funding decisions for appeals approved by the SLD and/or the Federal Communications Commission.

We have begun in-depth review of the appeals we have received, and our goal is to respond to you as promptly as possible. We thank you in advance for your patience as we handle your case with the care and attention it deserves.

Schools and Libraries Division  
Universal Service Administrative Company







Universal Service Administrative Company  
Schools & Libraries Division

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Administrator's Decision on Appeal - Funding Year 2000-2001

December 15, 2004

Paul A. Sobel  
Green and Gross, P.C.  
1087 Broad Street  
Bridgeport, CT 06604

**RECEIVED**  
**DEC 18 2004**  
**GREEN & GROSS, P.C.**

Re: Bassick High School

Re:      Billed Entity Number:                      6060  
            471 Application Number:                    201728  
            Funding Request Number(s):              448171  
            Your Correspondence Dated:              August 2, 2004 and September 17, 2004

After thorough review and investigation of all relevant facts, the Schools and Libraries Division ("SLD") of the Universal Service Administrative Company ("USAC") has made its decision in regard to your appeal of SLD's Year 2000 Recovery of Erroneously Disbursed Funds Letter for the Application Number indicated above. This letter explains the basis of SLD's decision. The date of this letter begins the 60-day time for appealing this decision to the Federal Communications Commission ("FCC"). If your letter of appeal included more than one Application Number, please note that for each application for which an appeal is submitted, a separate letter is sent.

Funding Request Number:              448171  
Decision on Appeal:                      **Denied in full**  
Explanation:

- \* Your law firm is appealing on behalf of Mercury Communications, Inc., the Service Provider. You assert that Mercury Communications, Inc. was not aware of the audit activities nor was given an opportunity for any input as such you dispute the audit findings. In regards to the allegations, you provide the following explanation:

1. Regarding the 2-Port Fiber Uplink Modules and the 12 Port 100 BaseFX, at the time of the audit the equipment had been replaced with new equipment.
2. Regarding the video drops, the reason they were not considered operational is because the video monitors were not permanently installed

to each video drop. The manner that the video drops were used is that the school maintains television monitors on wheeled stands which are wheeled from classroom to classroom and ultimately hooked up to the video for that location.

- After a thorough review of the appeal and all relevant documentation, it was determined that during the audit the Bassick High School was requested to produce verification that the equipment funded by the SLD program exists in the locations noted on the FCC Form 471 application and it was fully functional in accordance with the SLD guidelines. The audit team noted that all three of the 2-Port Fiber Uplink Modules and two of the 12 Port 100 BaseFX that was purchased with E-rate funds was not installed and operational. In addition the audit team also noted that 82 out of 82 video cable drops that were purchased with E-rate funds were not installed and operational. During the audit the school was given an opportunity to explain these findings. A representative of the school stated that the equipment referenced above was not installed because it had been replaced with newer and more network compatible equipment. Regarding the video drops the school offered the following response:

“The video cabling was done at the same time as the voice and data drops. The long-range plan in Bridgeport has always been to make use of the video to benefit our students, and it was determined to be cost effective to cable for all communication modes at one time rather than bringing the cabling firm back. Currently, Bridgeport has an RFP posted for the 2004-05 year for a sophisticated video system to make use of the cabling.”

- In its guidelines, the SLD stresses that services must be used for educational purposes and services which lay dormant are not eligible for discount. On appeal, you affirm that the cable drops were operational; the school maintains monitors on wheeled stands which is wheeled to the particular location and hooked up to the video drop for that location. This is considered new information on appeal which was not offered by the applicant at the time of the audit. Program rules do not permit the SLD to accept new information on appeal except where an applicant was not given the opportunity to provide information during the audit or an error was made by the SLD. Consequently, the appeal is denied and the SLD will seek recovery for the entire amount disbursed.

If your appeal has been approved, but funding has been reduced or denied, you may appeal these decisions to either the SLD or the Federal Communications Commission (FCC). For appeals that have been denied in full, partially approved, dismissed, or cancelled, you may file an appeal with the FCC. You should refer to CC Docket No. 02-6 on the first page of your appeal to the FCC. Your appeal must be received or postmarked within 60 days of the date on this letter. Failure to meet this requirement will result in automatic dismissal of your appeal. If you are submitting your appeal via United States Postal Service, send to: FCC, Office of the Secretary, 445 12th Street SW, Washington, DC 20554. Further information and options for filing an appeal directly

with the FCC can be found in the "Appeals Procedure" posted in the Reference Area of the SLD web site or by contacting the Client Service Bureau. We strongly recommend that you use the electronic filing options.

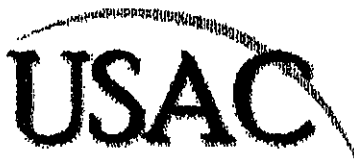
We thank you for your continued support, patience, and cooperation during the appeal process.

Schools and Libraries Division  
Universal Service Administrative Company

Cc: Wayne Browning  
Mercury Communications, Inc.  
300 Avon Street  
Stratford, CT 06497

Lou Engeldrum  
Bassick High School  
1181 Fairfield Avenue  
Bridgeport, CT 06605





**Universal Service Administrative Company**  
Schools & Libraries Division

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November 23, 2004

Mercury Communications  
Attn: Wayne Browning  
300 Avon Street  
Stratford, CT 06497

RE: Beneficiary Audit

Dear Mr. Browning:

The service provider for which you serve as the contact person ("you" or "your entity") or a school, school district, or library that selected you as a service provider was recently audited to evaluate its compliance with Federal Communications Commission (FCC) rules relating to the Schools and Libraries Universal Service Support Mechanism (E-Rate). The audit focused on Funding Year 2000 and found that your entity or the school, school district, or library was not in compliance with FCC rules because:

- Equipment/services were not installed and operational.

Enclosed with this letter is a copy of the Audit Report. As a result of your entity's or the school, school district, or library's non-compliance, the Universal Service Administrative Company (USAC) is seeking recovery consistent with the FCC's Orders.<sup>1</sup>

This letter notifies you, as the contact person for the service provider that the Schools and Libraries Division (SLD) of USAC will take no action on pending or future Funding Request Numbers (FRNs) associated with your entity for Funding Years 2001 or later until USAC determines that your entity has reasonably complied with the request explained below. USAC may also heighten its scrutiny of any invoices submitted by your entity.

USAC is responsible for ensuring that funding commitments and disbursements are made in compliance with program rules.<sup>2</sup> In addition, USAC has a fiduciary duty to protect the Universal Service Fund from waste, fraud and abuse.<sup>3</sup> You (and perhaps others), as the contact person for your entity have made a number of certifications and/or representations on FCC Forms 498, 472, 473 and 474 that you have submitted to USAC on behalf of your entity. False or incorrect certifications may result in numerous consequences, including denial of funding, recovery of funds already disbursed and/or other enforcement actions. The audit finding(s) resulting in the non-compliance indicate

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<sup>1</sup> See *in re Federal-State Joint Board on Universal Service, Changes to the Board of Directors of the National Exchange Carrier Association, Inc., Schools and Libraries Universal Service Support Mechanism*, CC Docket Nos. 96-45, 97-21, 02-6, FCC 04-181 (rel. July 30, 2004).

<sup>2</sup> See generally 47 U.S.C. § 254; 47 C.F.R. § 54.500 *et seq.*

<sup>3</sup> See 47 C.F.R. § 54.702.

Wayne Browning  
Page 2 of 4  
November 23, 2004

that you failed to comply with one or more of the certifications that you made on program forms and/or that your entity has otherwise failed to comply with program requirements.

USAC requests that you provide the information and documentation explained below so that USAC can resume consideration of FRNs associated with your entity. If no response is received within six months of the date of this letter, or if no reasonable explanation for delay is provided within six months of the date of this letter, USAC will deny pending FRNs.

Your receipt of this letter does not mean that your entity is prohibited from responding to FCC Forms 470 or from submitting invoices to USAC. Once USAC has determined that your entity has reasonably complied with its request(s), USAC will resume consideration of any pending FRNs.

So that applicants may make informed decisions about how to proceed, a copy of this letter is being sent to all applicants associated with currently pending FRNs for which USAC would otherwise make additional commitments.

Please note that, depending upon USAC's review of the information that you provide, USAC may also need to request information and documentation for prior funding years.

#### **WHAT TO ADDRESS REGARDING THE AUDIT FINDINGS**

Below is an explanation of what to address regarding the audit finding(s) so that a determination can be made regarding the hold on your entity's commitments.

- Your entity's non-compliance is the result of your entity receiving disbursements from USAC for services and/or equipment that was not provided to your customer. You submitted a Service Provider Invoice Form (SPI Form or FCC Form 474) to USAC, and USAC disbursed funds to you. However, USAC's audit of your customer determined that the services and/or equipment for which USAC disbursed funds to your entity were not provided by your entity to your customer. In order to address this finding, your entity must develop and implement a plan to strengthen internal controls to ensure that when your entity submits a SPI Form, your entity has in fact provided the services and/or equipment to your customer, or your entity is in the process of providing the services and/or equipment to your customer and your entity's receipt of upfront payments and/or progress payments is included in the relevant contract between your entity and your customer.

You should consult FCC rules and orders available at the FCC website for details regarding these requirements.<sup>4</sup> You must provide USAC with proof that you have taken these steps. This proof should consist, at a minimum, of a copy of your entity's plan to address this audit finding, and a description of how this plan has been implemented.

<sup>4</sup> See 47 C.F.R. §§ 54.501, 54.502, 54.503, 54.504(b), 54.517, 54.518, 54.519; Universal Service for Schools and Libraries, Service Provider Annual Certification Form, OMB 3060-0856 (October 1998) (FCC Form 473 or SPAC Form); Universal Service for Schools and Libraries, Service Provider Invoice Form, OMB 3060-0856 (October 2001) (FCC Form 474 or SPI Form).

Wayne Browning  
Page 3 of 4  
November 23, 2004

You should also provide any other information you believe would be useful to USAC in determining whether or not have adequately addressed the audit findings that resulted in the non-compliance. You must provide this proof within six months of the date of this letter, or you must provide a reasonable explanation for delay and a date certain by which you will provide the required information. Failure to provide the required information within the designated time period may result in denial of pending requests for funding and rejection of invoices submitted for payment.

The information and documentation requested above should be sent to:

Universal Service Administration Company  
2000 L. Street, N.W., Suite 200  
Washington, DC 20036  
Attn: Cynthia L. Beach

### USAC'S REVIEW OF YOUR COMPLIANCE WITH THIS REQUEST

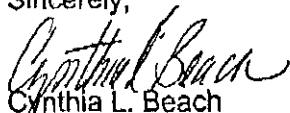
USAC will review your submission to determine whether it reasonably complies with the requirements set forth in this letter and demonstrates that you have adequately addressed the audit finding(s) that resulted the non-compliance. USAC may seek additional information and documentation from you as it makes this determination.

If USAC determines that you have reasonably complied with this request and that you have adequately addressed the audit finding(s) that resulted in the non-compliance, you will be provided with written notification, and USAC will commence reviewing pending FCC Forms 471 containing FRNs associated with your entity. If USAC determines that you have not reasonably complied with this request, USAC will deny pending FRNs associated with your entity. Should this situation occur, you will be able to request review of USAC's decisions consistent with the procedure set out below.

### FCC REVIEW OF USAC'S DETERMINATION AS SET FORTH IN THIS LETTER

If you disagree with USAC's determination that it will not make pending or future funding commitments until you have complied with the request in this letter, you may file an appeal with the Federal Communications Commission (FCC). You should refer to CC Docket No. 02-6 on the first page of your appeal to the FCC. Your appeal must be **POSTMARKED** within 60 days of the above date on this letter. Failure to meet this requirement will result in automatic dismissal of your appeal. If you are submitting your appeal via United States Postal Service, send it to: FCC, Office of the Secretary, 445 12<sup>th</sup> Street SW, Washington, DC 20554. Further information and options for filing an appeal directly with the FCC can be found in the "Appeals Procedure" posted in the Reference Area of the SLD web site or by contacting the Client Service Bureau. We strongly recommend that you use either the e-mail or fax filing options.

Sincerely,



Cynthia L. Beach  
Manager of Audit Response



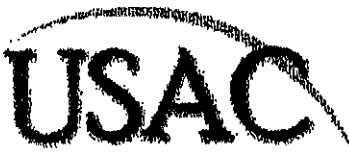
Nov. 30.. 2004 11:19AM

No. 8005 P. 14

Wayne Browning  
Page 4 of 4  
November 23, 2004

enc: as stated

cc: Bassick High School



## Universal Service Administrative Company

**To:** Mr. George McDonald, Vice President, Schools and Libraries Division  
**From:** Internal Audit Division  
**Date:** December 10, 2003  
**Re:** Schools and Libraries Beneficiary Audit Report – Bassick High School  
(USAC Audit No. SL2003BE107)

### Introduction

The Internal Audit Division of the Universal Service Administrative Company performed an audit of the Schools and Libraries Support Mechanism application of Bassick High School (hereinafter referred to as Bassick) located in Bridgeport, Connecticut, Billed Entity Number 6060 for Funding Year 2000. Teleshia Delmar, Manager, conducted the audit on February 25, 2003.

### Purpose and Scope

The following procedures were performed solely for the purpose of determining whether Bassick High School complied with the Schools and Libraries Support Mechanism program rules. Bassick High School received the following commitment and funding for the audit period:

	<u>Amount Committed</u>	<u>Amount Disbursed</u>	<u>Service Type</u>
	\$249,706.80	\$249,706.80	Internal Connections
	0.00	0.00	Internet Access
	<u>0.00</u>	<u>0.00</u>	Telecommunications
<b>TOTALS:</b>	<b>\$249,706.80</b>	<b>\$249,706.80</b>	

The committed total represents one Form 471 application with one funding request number. We selected the funding request to perform the procedures enumerated below with respect to their Funding Year 2000 application.

### Conclusion

Based on the results of our review and test work, the Internal Audit Division has concluded that the Bassick High School is not compliant with the Schools and Libraries Support Mechanism program rules for the funding year reviewed. A summary of our audit procedures, findings, and responses to the findings are included below.

---

**Audit Procedures, Findings, and Responses****A. General Procedures**

We obtained and reviewed the following documents:

1. Form 470 (Description of Services Requested and Certification Form)
2. Form 471 (Services Ordered and Certification Form)
3. Funding Commitment Decision Letter (FCDL)
4. Program Integrity Assurance (PIA) review notes related to application

**B. Understanding the Business**

We met with the Deputy Business Director, Information Technology Director, Education Technology Director, and the E-Rate Consultant to gain a detailed understanding of the processes related to the administration of the Schools and Libraries Support Mechanism. We discussed the results of any communications with the Schools and Libraries Division (SLD) regarding the application process and any differences between the application submitted and approved. This discussion included the process for creating and validating the technology plan; completing the application forms; the application structure; the controls over the expenditure of approved funds; and the procedures established to monitor claims submitted to the SLD via the Billed Entity Applicant Reimbursement Form (BEAR Form 472) and/or Service Provider Invoice Form (SPI Form 474). No exceptions were noted.

**C. Technology Plan**

We obtained and reviewed Bassick's Funding Year 2000 Technology Plan for adequacy. We verified that it established clear goals and strategies (including professional development) for using information technology to improve education. We also verified that the technology plan was certified by the State of Connecticut Department of Education. No exceptions were noted.

We also inspected Bassick's budget for Funding Year 2000 and verified that it had sufficient funds available to pay its non-discounted portion of the services and equipment obtained through the program and the acquisition of other equipment and services required to make effective use of E-rate discounts. No exceptions were noted.

**D. Competitive Bid Process**

We obtained understanding of the Bassick's competitive bidding (service provider selection) process to determine its adequacy and whether the process has been established to select the most cost effective service provider. No exceptions were noted.

**E. Supported Payments**

We compared the service provider bills sent to the School with the SPI Form 472 and performed the following:

1. We reviewed the SPI form for accuracy and completeness. No exceptions were noted.
2. We examined the BEAR forms for the service provider's authorization. This procedure is not applicable, as the applicant did not file any BEARS.
3. We verified that the equipment and services that support the amounts claimed on the SPI forms were consistent with the service provider bills sent to the School, the terms and specification of the vendor contracts and the Item 21 attachment to Form 471. No exceptions were noted.
4. We traced the SPI forms to the corresponding service provider invoices. No exceptions were noted.
5. We recalculated the discounted amount reflected on the SPI forms using the approved discount percentage noted on the FCDL. No exceptions were noted.
6. We ensured that the total amount disbursed via the SPI forms agreed to the disbursement data maintained by SLD and that the amounts did not exceed the total amount committed per the FCDL. No exceptions were noted.
7. We examined the School's disbursement records to verify that the School paid its required non-discounted portion for services. The applicant did not pay non-discounted portion in a timely manner. The applicant was rendered three invoices with payment due within 15 days; however, the applicant remitted payment approximately six months later.

**Applicant Response:**

*In years 1 and 2 of the E-Rate program, Bridgeport received state technology infrastructure grants, which we were able to use as leverage for USF funding. This had also been anticipated for year #3 but the state did not offer the grants that year. We had to then wait until the July 2001 budget went into effect at which time we were able to use funds from our own budget.*

**SLD Management Response:****Applicant Action**

No recovery is required as the applicant did pay the non-discounted portion.

**Programmatic Action**

The document "Obligation to Pay Non-Discounted Portion" available on the SLD website states, "Applicants are required to pay the non-discount portion of the

cost of the goods and services to their service provider(s). Service Providers are required to bill applicants for the non-discount portion."

In program participant trainings, SLD has and will continue to stress that payment of the non-discounted portion is received in a timely manner.

#### **F. Site Visits**

We visited the School and performed the following:

1. We physically verified that the equipment funded by the SLD program exists in the locations noted on the application. The applicant maintains a fixed asset listing for the cabling installed, but does not maintain a fixed asset listing of E-Rate funded equipment purchased.

#### **Applicant Response:**

*Although at the time of the audit Bridgeport had available listings accounting for cabling that had taken place in our forty or so locations, it was not until the summer of 2003 that it had the time to do the same for its other equipment. At that time, all E-Rate funded equipment was included in a fixed asset list using CATTOOLS AUTOMATED DEVICE CONFIGURATION software. At the present time, this information is now available.*

#### **SLD Management Response:**

##### **Applicant Action**

No recovery is required as the absence of fixed asset records is not a rule violation.

##### **Programmatic Action**

The Third Report and Order (FCC 03-323) requires "all recipients of internal connections support to maintain asset and inventory records for a period of 5 years sufficient to verify the actual location of such equipment." This rule will be effective upon receiving any approval required from the Office of Management and Budget under the Paperwork Reduction Act.

2. We observed the equipment used to ensure it is used for educational purposes in accordance with the SLD program guidelines. During our inventory tour, we noted that all three of the 2-Port Fiber Uplink Modules and both of the 12 Port 100 BaseFX that were purchased with E-rate funds were not installed and operational. We also noted that 82 out of 82 video cable drops that were purchased with E-rate funds were not installed and operational. The total value of the equipment that was not installed and operational but was paid with E-rate funds amounts to \$83,210.35.

**Bassick High School  
Detailed Exception Worksheet # 2  
Funding Year 2000**

**Background:**

E-rate funds permit most schools and libraries the opportunity to obtain affordable telecommunications and Internet access.

**Condition:**

We conducted an inventory tour of the facilities to document whether the E-rate funded equipment was installed and operational.

**Finding:**

During our inventory tour, we noted that all three of the 2-Port Fiber Uplink Modules that were purchased with E-rate funds were not installed and operational. The total cost amount to \$5,463.00, of which SLD's 90% undiscounted portion paid amounted to \$4,916.70. In addition, both of the 12 Port 100 BaseFX were not installed and operational. The total cost amount to \$11,990.00, of which SLD's 90% undiscounted portion paid amounted to \$10,791.00.

We also noted that 82 out of 82 video cable drops were installed but not operational. The total cost of these inoperable video drops amount to \$75,002.94, of which SLD's 90% undiscounted portion paid is \$67,502.65.

**Governing Regulation:**

Physical site verifications may be necessary to verify that the supported services exist, are operational, and are being used in accordance with requirements.

**Applicant Response:**

The equipment mentioned above as not being installed, had been replaced by the time of the audit with newer, more network compatible equipment. The older equipment was left on-site to assure the USAC of its previous acquisition and employment.

The video cabling was done at the same time as the voice and data drops. The long-range plan in Bridgeport has always been to make use of video to benefit our students, and it was determined to be cost effective to cable for all communication modes at one time rather than bringing the cabling firm back.

Currently, Bridgeport has an RFP posted for the 2004-05 year for a sophisticated video system to make use of the cabling.

For use by the Internal Audit Department ONLY:

Audit Report

Oral Comment

Exception Waived

☐☐☐



# GREEN AND GROSS, P.C.

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December 3, 2004

Universal Service Administrative Company  
2000 L. Street, N.W., Suite 200  
Washington, D.C. 20036

ATTN: Ms. Cynthia L. Beach

*Re: Schools and Libraries Beneficiary Audit Report  
Bassick High School  
(USAC Audit No. SL2003BE107)*

Dear Ms. Beach:

I represent Mercury Communications. Enclosed is a copy of your November 23, 2004 letter. It appears that the issue you desire to have addressed is equipment that is listed in your letter as not installed and operational.

Enclosed please find the detailed exception worksheet #2 for your audit. The detailed finding states that 82 out of 82 video drops were installed and three 2 Port Fiber Uplink Modules and two 12 Port 100 BaseFX were not installed and operational. I believe the video drops were held to not be operational because the school had not procured video monitors to be permanently hooked up to the video drops. Three 2-Port Fiber Uplink Modules and two 12 Port 100 BaseFX were installed but had been replaced by the school after installation of them by Mercury Communications. The video drops were operational from the perspective of being workable video drops that would transmit signals to video monitors, if the video monitors were to be hooked up to the video drops. The equipment was stated to be not operational because the monitors were not hooked up. Mercury was not contracted to supply the monitors.



# GREEN AND GROSS, P.C.

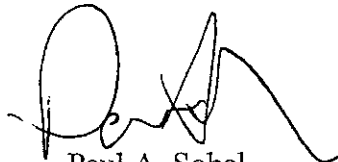
UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

*December 3, 2004*

*Page 2*

In addition, an appeal has been filed for this finding. The basis of the appeal disputes the fact that the video drops were not operational.

Very truly yours,



Paul A. Sobel

PAS/pt  
Enclosures